

SENATE BILL 1120

By Harper

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 19, relative to the imposition of a rental car tax by a certain metropolitan government to be designated for the construction of a new publicly financed convention center.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 19, is amended by adding the following language as a new, appropriately designated section:

Section 67-4-19__.

(a)

(1) In addition to the state tax provided in § 67-4-1901, a metropolitan government having a population in excess of five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census, is authorized to levy a surcharge or tax of one percent (1%) of the gross proceeds derived from the lease or rental of any passenger motor vehicle, truck, or trailer for a period of thirty-one (31) days or less; provided, that such surcharge or tax shall not apply to any automobile rented by an insurance company as a replacement vehicle for a policyholder or by a business that rents a truck or trailer for the purpose of transporting goods, or by any individual or business that rents a vehicle as a replacement while the renter's vehicle is being repaired, replaced, or serviced; provided further, that the individual presents to the renter upon return of the rented vehicle a copy of the repair or service invoice or signs a statement under penalty of perjury that the lease or rental of the vehicle is used as a replacement for a vehicle that is being repaired, replaced, or serviced. The surcharge or tax shall not apply to any vehicle rental transaction in which an

entity whose principal business activity is the sale and service of new and used motor vehicles is the renter. This surcharge or tax shall apply to the gross proceeds from the rental agreement, excluding any sales tax imposed by chapter 6 of this title. The surcharge or tax shall be subject to the exemptions provided by § 67-4-1906. The surcharge or tax shall not be subject to the credit provided in § 67-4-1903 and shall be implemented consistent with the existing tax policies and procedures of the department of revenue and of the remainder of this chapter.

(2) Such surcharge or tax shall only be effective upon the adoption of a resolution by the metropolitan council to impose the surcharge or tax.

(b) All revenue received by the metropolitan government from this surcharge or tax shall be deposited into a metropolitan fund entitled "The Convention Center Fund" which shall be used for the purpose of paying costs incurred in modification or construction of a publicly owned convention center in excess of four hundred million dollars (\$400,000,000) of cost within the territory of the metropolitan government. If the revenue from such surcharge or tax in any fiscal year exceeds the total of such debt service requirements for that year, such surplus revenue thus accruing shall be retained by the metropolitan government as a sinking fund for future debt service requirements.

(c) In the event the total bonded indebtedness incurred for the construction of such convention center facility by the metropolitan government shall be paid in full as to bond principal and interest, including expenses of the bond sale or sales, the metropolitan government's taxing resolution shall be repealed and this surcharge or tax shall no longer be levied. Provided, however, that any funds remaining in the sinking fund after all obligations imposed under the provisions of this section have been fulfilled, shall be paid over to the governmental board or agency responsible for operation of the

convention center for use by it in the promotion and advertisement of the convention center facilities.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.